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Form 3160-3
(August 2007)

DIV. OF OIL, GAS & MINING

UNITED STATES

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-84672
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Cochrane Resources Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address PO Box 1656, Roosevelt, Utah 84066	3b. Phone No. (include area code) (435) 722-5081	8. Lease Name and Well No. Horse Point Fed 12-13
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2134' FNL 689' FWL SW/NW 643231X 39.417250 At proposed prod. zone 43644024 -109.336131		9. API Well No. 43-014-31626
11. Sec., T. R. M. or Blk. and Survey or Area Section 13, T16S, R 23E, SLB&M		10. Field and Pool, or Exploratory Horse Point
12. Distance in miles and direction from nearest town or post office* 59.9 Miles from Ouray, Utah		12. County or Parish Grand
13. State UT		17. Spacing Unit dedicated to this well 40
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 689'	16. No. of acres in lease 760	20. BLM/BIA Bond No. on file UT0699
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Aprox. 2500'	19. Proposed Depth 8200'	23. Estimated duration 20 Days
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 8278' GL	22. Approximate date work will start* 04/01/2008	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed/Typed) Ken Allen	Date 04/24/2008
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Title
President - Cochrane Resources Inc.

Approved by Signature 	Name (Printed/Typed) BRADLEY G. HILL	Date 06-18-12
Title 	Office ENVIRONMENTAL MANAGER	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

**Federal Approval of this
Action is Necessary**

T16S, R23E, S.L.B.&M.

1922 Brass
Cap 1.5' High,
Pile of Stones

S89°57'02"W - 2635.26' (Meas.)

S89°58'E - 2640.00' (G.L.O.)

1922 Brass
Cap 0.5' High

2134'

689'

HORSE POINT FEDERAL #12-13
Elev. Ungraded Ground = 8278'

13

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

NORTH - 5280.00' (G.L.O.)

WEST - 5280.00' (G.L.O.)

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

(NAD 83)
LATITUDE = 39°25'02.20" (39.417278)
LONGITUDE = 109°20'10.02" (109.336117)

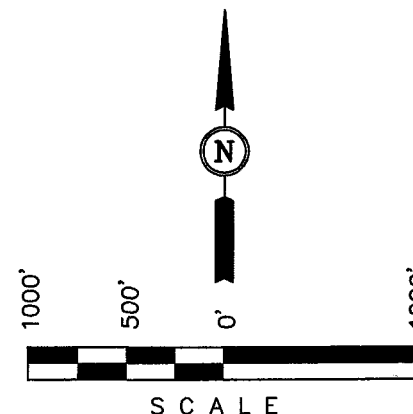
(NAD 27)
LATITUDE = 39°25'02.30" (39.417306)
LONGITUDE = 109°20'07.59" (109.335442)

COCHRANE RESOURCES, INC.

Well location, HORSE POINT FEDERAL #12-13,
located as shown in the SW 1/4 NW 1/4 of
Section 13, T16S, R23E, S.L.B.&M., Grand
County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION LOCATED ON A HILL TOP IN THE NW
1/4 OF SECTION 32, T15S, R23E, S.L.B.&M. TAKEN
FROM THE PR SPRING QUADRANGLE, UTAH, 7.5 MINUTE
QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED
STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL
SURVEY. SAID ELEVATION IS MARKED AS BEING 7454
FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM
FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

[Signature]
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

REVISED: 11-27-07 C.H.

UNTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 07-27-07	DATE DRAWN: 07-27-07
PARTY M.A. S.W. S.L.	REFERENCES G.L.O. PLAT	
WEATHER HOT	FILE COCHRANE RESOURCES, INC.	

**Cochrane Resources Inc.
Horse Point Fed 12-23
SW/NW Section 13, T16S, R23E
Grand County, Utah
Lease No. UTU-084672**

ONSHORE OIL & GAS ORDER NO. 1

Drilling Program

1. Estimated Tops of Important Geological Markers

Formation	Depth	Subsea
Green River	Surface	-
Castlegate	4155'	+4135'
Mancos	4355'	+3935'
Dakota Silt	7815'	+475'
Morrison	8065'	+225'
TD	8200'	+90

2. Estimated Depth of Anticipated Water, Oil, Gas or Mineral Formations

Substance	Formation	Depth
Gas	Mancos	4355' - 7815'
Gas	Dakota	7850' - 8000'
Gas	Morrison	8065 - 8200'

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment

All well control equipment will be in accordance to Onshore Order No. 2 for 5M Systems and are as follows:

5,000# BOP with 4 ½" Pipe Rams
5,000# BOP with Blind Rams
5,000# Annular

Ram type preventers and associated equipment shall be tested to the approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline on pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Pressure Control Equipment Continued

Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 30 day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more that once a day.

A BPOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

BOP systems shall be consistent with API RP 53 Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling cement plugs.

The District Office will be notified, with sufficient lead time, in order to have a BLM representative on location during testing.

a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not yet been chosen to drill this well, most of the equipment for this depth will utilize 5M working BOP.

b. A choke line and kill line are to be properly installed. The kill line is not to be used as a fill-up line.

c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.

Thread Type
LT+C

LT+C.
Safety Factor.

.41L	B.	C.	T
11.6	7780	6350	267

8 5/8	2950	1370	381
29			

d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. Proposed Casing and cementing Program

a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones abnormally pressured zones and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors including: Presence/absence of hydrocarbons, fracture gradients, usable water zones, formation pressures, lost circulation zones, other minerals, or other unusual characteristics. All indications of usable water shall be reported.

b. Casing Program

	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Grade</u>	<u>Type</u>
Conductor	40'	-	14"	-	-
Surface	1000'	12 1/4"	8 5/8"	J-55	24# LT&C
Production	8200'	7 7/8"	4 1/2"	N-80	11.6 LT&C
Safety Factor	Forces on csg will not exceed 75% of published values for burst, collapse, and yield.				

c. Casing design subject to revision based on geologic conditions encountered.

d. Cement Program

	<u>Est. Top of Cement</u>	<u>Cement Type</u>	<u>Quality</u>	<u>Yield</u>	<u>Supply Wt.</u>
Conductor	Surface	Class G	Hole + 30%	1.26	14.6
Surface	Surface	Class G	Hole + 30%	1.26	14.6
Production	Stage 1 - above 1000'	Hyfill	Hole + 30%	3.84	11.6
	Stage - 6000'	50/50 Poz	Hole +30%	1.26	14.6

e. Anticipated cement tops will be reported as to depth; not the expected number of sack of cement to be used. The District Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.

f. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.

g. The following reports shall be filed with the District Manager within 30 days after the work is completed.

1. Progress reports, form 3160-5 "Sundry Notices and Reports on Wells", must include complete information concerning:

a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.

b. Temperature or bond log must be submitted for each well where the casing cement was not circulated to the surface.

h. Auxiliary equipment to be used is as follows:

1. Kelly cock
2. A bit float
3. A sub with full opening valve.

5. Drilling Fluids Program:

<u>Interval</u>	<u>Type</u>	<u>Wt. (ppg)</u>	<u>Viscosity</u>	<u>pH</u>	<u>Water Loss</u>	<u>Remarks</u>
0-2000'	Spud	8.4 - 9.0	30 - 45+	8.0	NC	Gel and Lime as required
2000'-5500'	Wtr/gel	8.4 - 8.8	27 - 35	8.5-9.0	NC	Min. Wt.
5500'-TD	KCL/Mud	8.5 - 8.8*	35 - 40	9.0-10.0	10-15cc @TD	*Min Wt to control firm

a. Sufficient quantities of mud material will be maintained on site or be readily available for the purpose of assuring well control. SPR will be recorded on a daily drilling report after mudding up. Visual mud monitoring will be conducted during operations.

b. No chromate additives will be used in the mud system on Federal lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

c. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well.

d. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

6. Evaluation Program

The anticipated type and amount of testing, logging and coring are as follows:

a. No drill stem tests are anticipated, if DST's are run, the following requirements will be adhered to:

Initial opening of the drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer (AO). However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the AO. Closed chamber DST's may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

b. The logging program will consist of Schlumberger Platform Express (or equivalent) to be run from base of surface casing to TD.

c. No cores are anticipated.

d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted no later than 30 days after the completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well tested data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cutting, fluids, and/or gases) will be submitted when requested by the AO.

e. The anticipated completion program is as follows: Perform multistage fracs and complete all productive zones present in the wellbore. Produce all zones commingled.

f. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

7. Abnormal Temperatures and Pressures

a. The expected bottom hole pressure is 1800 psi. The maximum bottom hole temperature anticipated is 160 degrees Fahrenheit.

b. No hydrogen sulfide gas is anticipated. Abnormal pressures will be controlled with mud weight and 5000# BOP and rotating head.

8. Anticipated Starting Dates and Notifications of Operations

a. Drilling is anticipated to commence immediately upon approval

- b. It is anticipated that the drilling of this well will take approximately 20 days.
- c. The BLM in Vernal, Utah shall be notified of the anticipated date of location construction and anticipated spud date.
- d. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior to approval from the AO will be obtained and notification given before resuming operations.
- e. The spud date will be reported orally to the AO within 48 hours of spudding. If the spudding occurs on a weekend or holiday, the report will be submitted via voice mail and/or e-mail to the AO.
- f. In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with Vernal BLM Office, 170 South 500 East, Vernal, Utah, 84078.
- g. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual or undesirable events shall be reported promptly to the AO in accordance with the requirements of NTL-3A or its revision.
- h. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, or prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- i. Should the well be successfully completed for production, the AO will be notified when the well is placed on producing status. Written notification, e-mail or otherwise, will be sent no later than 5 days following the date on which the well is placed on production.
- j. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- k. Pursuant to NTL-4A lessees or operators are authorized to vent/flare gas during initial well evaluation test, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day authorized test period.
- l. A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9.d.), shall be submitted to the BLM, Vernal Field Office within 60 days of installation or first production whichever occurs first. All site security regulations as specified in Onshore Order No.3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4.).
- m. A first production conference will be scheduled within 15 days after receipt of the first production notice.

n. No well abandonment operations will commence without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed within 30 days following the completion of the well for abandonment. The report will indicate where plugs were placed and the current status of the surface restoration. Final abandonment will not be approved until the surface reclamation work has been completed to the satisfaction of the AO.

o. Pursuant to Onshore Oil and Gas Order No.1, lessees and operators have the responsibility of operating in a manner which conforms with the applicable Federal laws and regulations and with the State and local laws and regulations to the extent that such laws are applicable to operations on Federal lands.

Bureau of Land Management
170 South 500 East
Vernal, Utah 84078

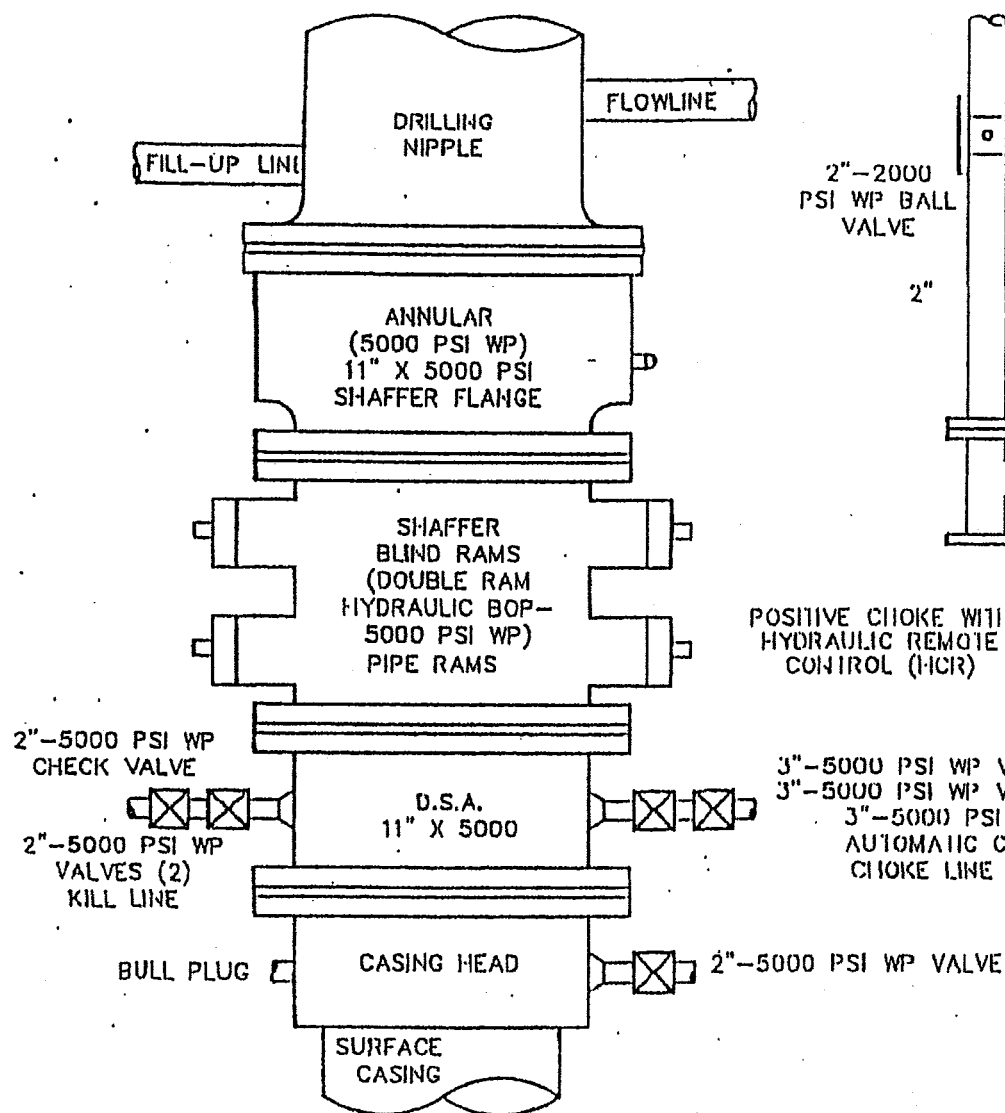
Phone: (435)781-4400

Fax: (435)781-4410

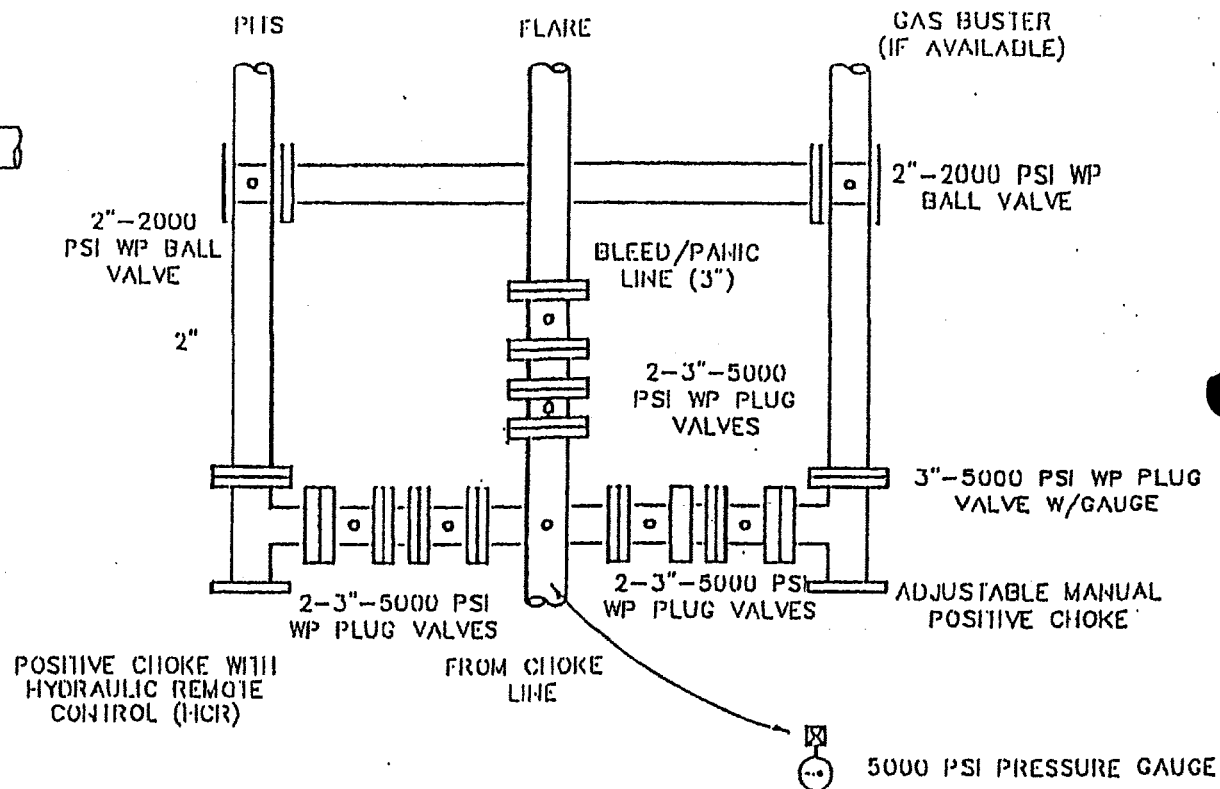
After Hours:

Michael Lee	Petroleum Engineer	(435)828-4470
Matt Baker	Petroleum Engineer	(435)828-7875

BOP SCHEMATIC
5000 PSI WORKING PRESSURE



PLAN VIEW CHOKIE MANIFOLD



THE HYDRAULIC CLOSING UNIT WILL BE LOCATED MORE THAN 30' FROM THE WELLHEAD. CHOKE AND BLEED/PANIC LINES WILL GO TO THE PIT AND FLARE. ALL CONNECTIONS IN CHOKE LINES AND MANIFOLD WILL BE FLANGED OR WELDED. ALL FLANGES SHOULD BE RING JOINT GASKET TYPE. ALL TURNS IN LINES SHALL BE CONSTRUCTED USING TARGETING 90° TEES OR ELLS. ALL LINES SHALL BE ANCHORED.

**Cochrane Resources Inc.
Horse Point Fed 12-23
SW/NW Section 13, T16S, R23E
Grand County, Utah
Lease No. UTU-084672**

ONSHORE OIL & GAS ORDER NO. 1

Notification Requirements

Location Construction-	48 hours prior to construction of location and access roads
Location completion-	prior to moving on with drilling rig.
Spud Notice-	at least 24 hours prior to spudding the well.
Casing String and Cementing-	24 hours notice prior to running casing and cementing.
BOP and Related Equipment-	24 hours prior to initiating pressure tests.
First Production Notice-	Within 5 business days after new well begins or production resumes after well has been off production for more than 90 days.

The onsite inspection for the subject well site was conducted on November 21, 2007 at approximately 11:30 a.m. Weather conditions were cool and windy. In attendance at the onsite were the following individuals:

Darren Williams	Natural Resource Specialist	Bureau of Land Management
Brandon McDonald	Wildlife Biologist	Bureau of Land Management
Shon McKinnon	Permit Consultant	Cochrane Resources Inc.
Luke Kay	Surveyor	Uintah Engineer and Land Surveying

1. Existing Roads

See Attached Topographic Map "A".

Turn left from Highway 40 and proceed south on Highway 88, 16.3 miles to Ouray, Utah. Continue South 54.9 miles to Black Horse Ridge. Turn right and travel southwesterly 5.0 miles. Turn left onto proposed access and travel southerly 270' on to the proposed location. Improvement of existing roads will not be required.

2. Planned Access Road

See Attached Topographic Map "B" for location of the proposed access road.

3. Location of Existing Wells

See Attached Topographic Map "C"

- a. Producing Wells - One
- b. Abandoned Wells - Two

4. Location of Tank Batteries and Production Facilities

- a. All permanent surface equipment will be painted Beetle (Munsel # 19-03-12TPX).
- b. Storage tanks batteries will be surrounded by containment dike of sufficient capacity to contain at a minimum, the entire contents of the largest tank with in the contained area, unless more stringent requirements are necessary as notified by the AO.
- c. A production layout will be submitted via sundry upon proven productivity of the well.
- d. All loading lines will be placed inside the berm/dike surrounding the tank battery.
- e. A Gas Meter Run will be placed within 500 ft. of the wellhead. Meter runs will be housed. The oil and gas measurement equipment will be installed on the well location. Measurement equipment will be calibrated in place prior to any deliveries. Tests for accuracy will be conducted monthly for the first three months on new installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the calibration reports will be submitted to the Vernal Field Office.
- f. Any necessary pits will be properly fenced to prevent any wildlife entry.
- g. The access road will be maintained in a safe, usable condition conducive to the climate and seasonal conditions in order to accommodate daily operation of the well and prevent erosion.
- h. Pipelines, up to 6" steel, will follow the proposed access for approximately 366', as detailed in attached Map "D". The pipeline will be laid on the surface except road crossings where they will be buried to a depth of 5'. The method of coupling will be welded. Associated pipeline components, such as risers, pig launchers/catchers, meters, valves, etc. will be contained within the 30' needed for construction of the pipeline.

5. Location and Type of Water

- a. Water will come from: Water Right No. 43-10447, located in Sec 9, T8S, R20E.
- b. Water will be hauled by commercial transport over the access roads shown on Attached Maps "A" and "B".
- c. No water well will be drilled on this lease.

6. Source of Construction Material

- a. Any gravel used will be obtained from a commercial source.
- b. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2.3.
- c. No construction materials will be used from Federal lands.

7. Methods of Handling Waste Disposal

- a. the reserve pit will be felted and double lined with at least 12 mil liner.
- b. All trash will be contained in an enclosed trash container through the drilling, completion, and facility construction phases and its contents removed and hauled to an approved disposal sight as needed.
- c. A chemical porta-toilet will be furnished through the drilling, and completion phases.
- d. After first production, produced waste water will be confined to an unlined pit or storage tank for a period not to exceed 90 days. During the 90 day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval.
- e. Drill cuttings are to be contained and buried in the reserve pit.
- f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.

8. Ancillary Facilities

There are no airstrips, camps or other facilities planned during the drilling of this well except for those facilities needed for drilling rig personal, service providers and company representatives.

9. Well Site Layout

See attached Location Layout Diagram

- a. any brush encountered within the proposed access and well pad during construction will be distributed using a "lop and scatter" method around the perimeter of the pad. Brush will not be piled any taller than 3' in height.

10. Plans for Restoration of Surface

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, materials, trash and debris not required for production.
- b. Upon completion, any hydrocarbon within the reserve pit will be removed in accordance with 43 CFR 3162.7-1.

c. The reserve pit will be backfilled and reclaimed within 120 days from the well completion. The reserve pit liner will be perforated and excess liner removed before backfilling. Alternatively, the pit will be pumped dry, the liner folded into the pit and buried to a minimum of 4' deep.

d. That portion of the location not needed for production facilities or operations, or any disturbed areas upon final plug and abandonment, will be re-contoured to approximate natural contours and seeded with a seed mixture and procedure specified by the AO. Additionally, the topsoil pile will be seeded with the same mixture and procedure as specified.

11. Surface Ownership

The proposed access road and well pad is on lands managed by the Bureau of Land Management.

12. Other Information

a. The archeological survey has been conducted by Montgomery Archeological Consultants, Inc. MOAC Report #03-361; 11/08/2007 is attached as "Exhibit D".

b. If historic or archeological materials are uncovered during construction, the operator will immediately stop work and contact the AO.

c. It was recommended by the AO at the onsite that the well pad be moved westerly, approximately 80' for the management of the visual resource. The pad was moved and the changes are reflected on the plat maps, cut sheet, and diagrams attached (Revision Date 11/26/07 C.C.).

d. The operator will control noxious weeds along associated well pad, roads, pipelines, and surface equipment. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted and approved prior to the application of pesticides or herbicides.

e. Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on Federal lands after the conclusion of drilling operations or at any other time without BLM authorization.

f. All lease and unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notices to Lessees. The operator is fully responsible for the actions of his subcontractors.

g. A complete copy of the APD shall be on location during construction and drilling of this site.

Water Disposal

Immediately upon first production all produced water will be confined to a steel storage tank. Water will be disposed of via truck transport to a State of Utah approved disposal site, such as Brennan Bottom.

Wildlife Timing Stipulations

1. Crucial Deer and Elk Winter Range
 - a. No surface disturbing activities or drilling November 1st - April 1st
2. Crucial Fawning/Calving
 - a. No surface disturbing activities drilling May 15th - June 30th

13. Lessee's or Operators Representative

Cochrane Resources Inc.

Ken Allen - President
PO Box 1656
Roosevelt, Utah 84066
(435)722-5801
(435)722-9448

Shon McKinnon (Permit Consultant)

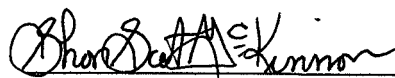
PO Box 330
Altamont, Utah 84001
(435)823-8061

Certification

Please be advised that *Cochrane Resources Inc.* is considered to be the operator of the *Horse Point Fed 12-23, SW/NW Section 13, T16S, R23, Lease No. UTU-084672 Grand County, Utah*: and is responsible under the term and conditions of the lease for the operations conducted upon the leased lands. Bonding for the well is #0279083950.

I hereby certify that the proposed drill site and access road have been inspected and I am familiar with the conditions that currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the operations proposed here will be performed by Cochrane Resources Inc. its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. The statement is subject to the provisions of 18 U.S.C. 1000 for the filing of a false statement.

07/5/08
Date



Shon Scott McKinnon
Agent for Cochrane Resources Inc.



4-24-08.

COCHRANE RESOURCES INC.

HORSE POINT FEDERAL #12-13

LOCATED IN GRAND COUNTY, UTAH
SECTION 13, T16S, R23E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

07 31 07
MONTH DAY YEAR

PHOTO

TAKEN BY: M.A.

DRAWN BY: C.P.

REV: 11-26-07 C.C.

COCHRANE RESOURCES, INC.

LOCATION LAYOUT FOR

HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.
2134' FNL 689' FWL

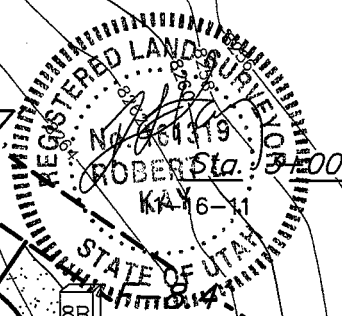
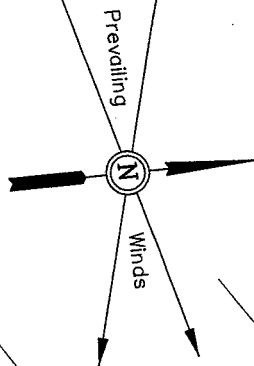
FIGURE #1

SCALE: 1" = 50'

DATE: 11-27-07

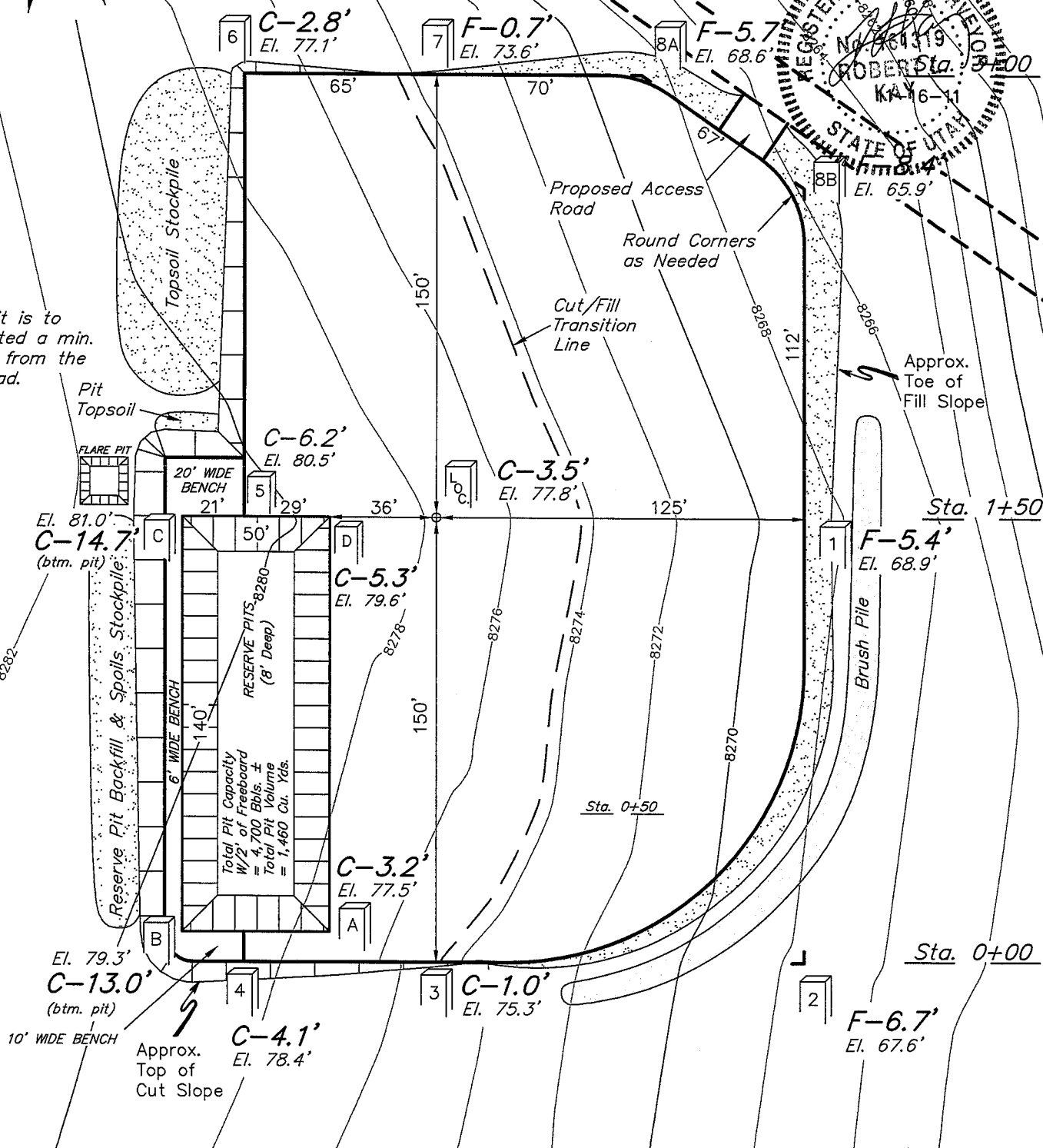
Drawn By: C.H.

REVISED: 10-03-11 S.L.



NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.



Elev. Ungraded Ground at Location Stake = 8277.8'
Elev. Graded Ground at Location Stake = 8274.3'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

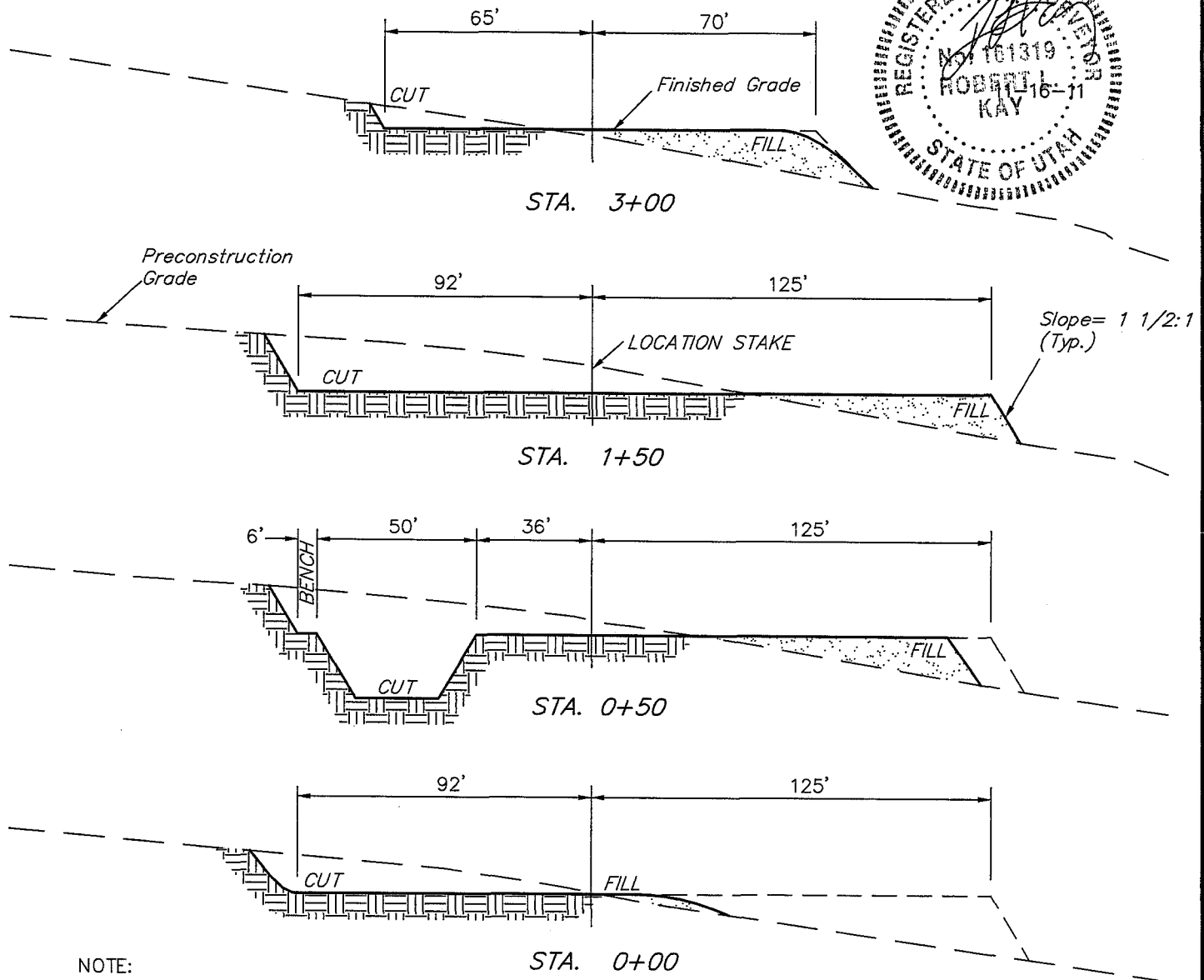
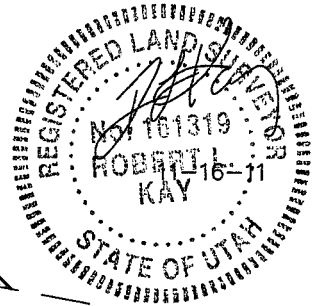
COCHRANE RESOURCES, INC.

TYPICAL CROSS SECTIONS FOR HORSE POINT FEDERAL #12-13 SECTION 13, T16S, R23E, S.L.B.&M. 2134' FNL 689' FWL

FIGURE #2

1" = 20'
X-Section
Scale
1" = 50'

DATE: 11-27-07
Drawn By: C.H.
REVISED: 10-03-11 S.L.



NOTE:

Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

* NOTE:

FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

(6") Topsoil Stripping = 1,260 Cu. Yds.
Remaining Location = 5,010 Cu. Yds.
TOTAL CUT = 6,270 CU.YDS.
FILL = 4,280 CU.YDS.

EXCESS MATERIAL = 1,990 Cu. Yds.
Topsoil & Pit Backfill = 1,990 Cu. Yds.
(1/2 Pit Vol.)
EXCESS UNBALANCE = 0 Cu. Yds.
(After Interim Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

COCHRANE RESOURCES, INC.

TYPICAL RIG LAYOUT FOR
HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.
2134' FNL 689' FWL

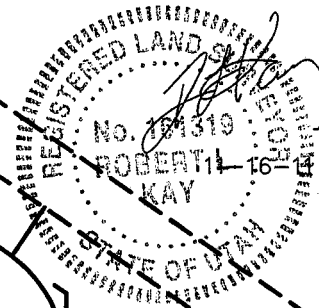
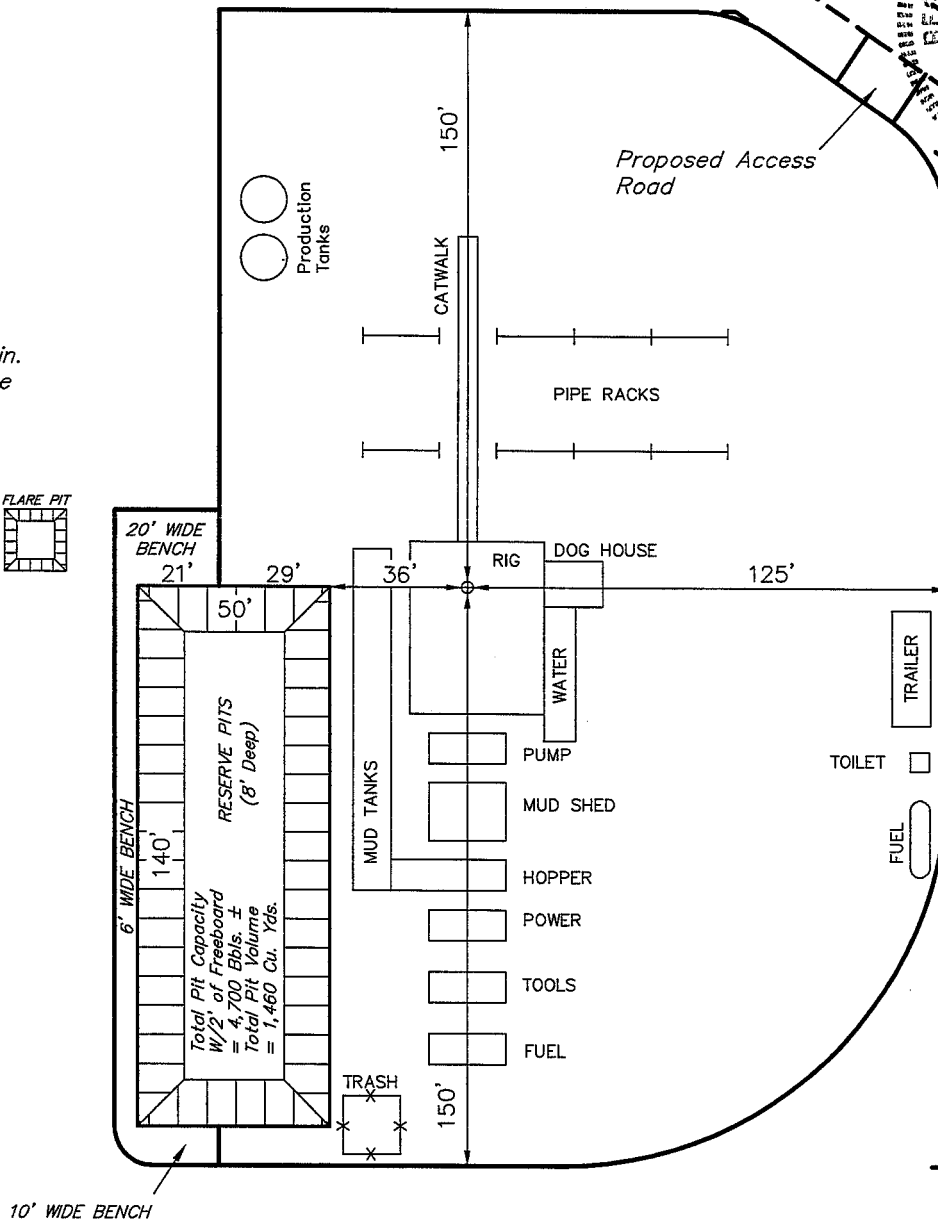
FIGURE #3

SCALE: 1" = 50'
DATE: 10-03-11
Drawn By: S.L.



NOTE:

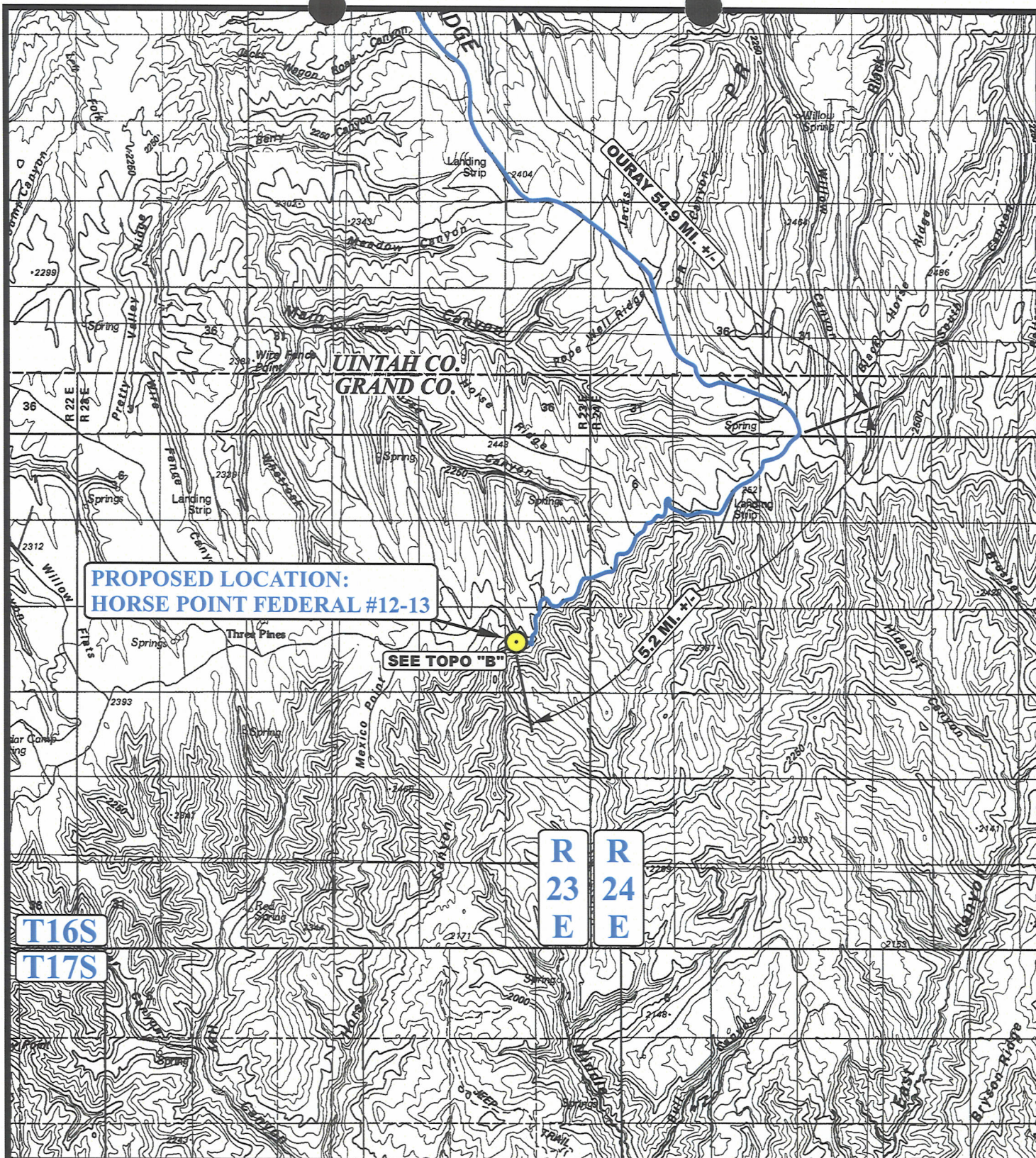
Flare Pit is to be located a min. of 100' from the Well Head.



COCHRANE RESOURCES, INC.
HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION ALONG THE SEEP RIDGE ROAD APPROXIMATELY 54.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 5.2 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE SOUTHWEST; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 301' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM OURAY , UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 60.2 MILES.



LEGEND:

● PROPOSED LOCATION



COCHRANE RESOURCES INC.

HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.
2134' FNL 689' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

07 31 07
MONTH DAY YEAR

SCALE: 1:100,000

DRAWN BY: C.P.

REV: S.F. 10-11-11





LEGEND:

EXISTING ROAD
 PROPOSED ACCESS ROAD



COCHRANE RESOURCES INC.

HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.
2134' FNL 689' FWL



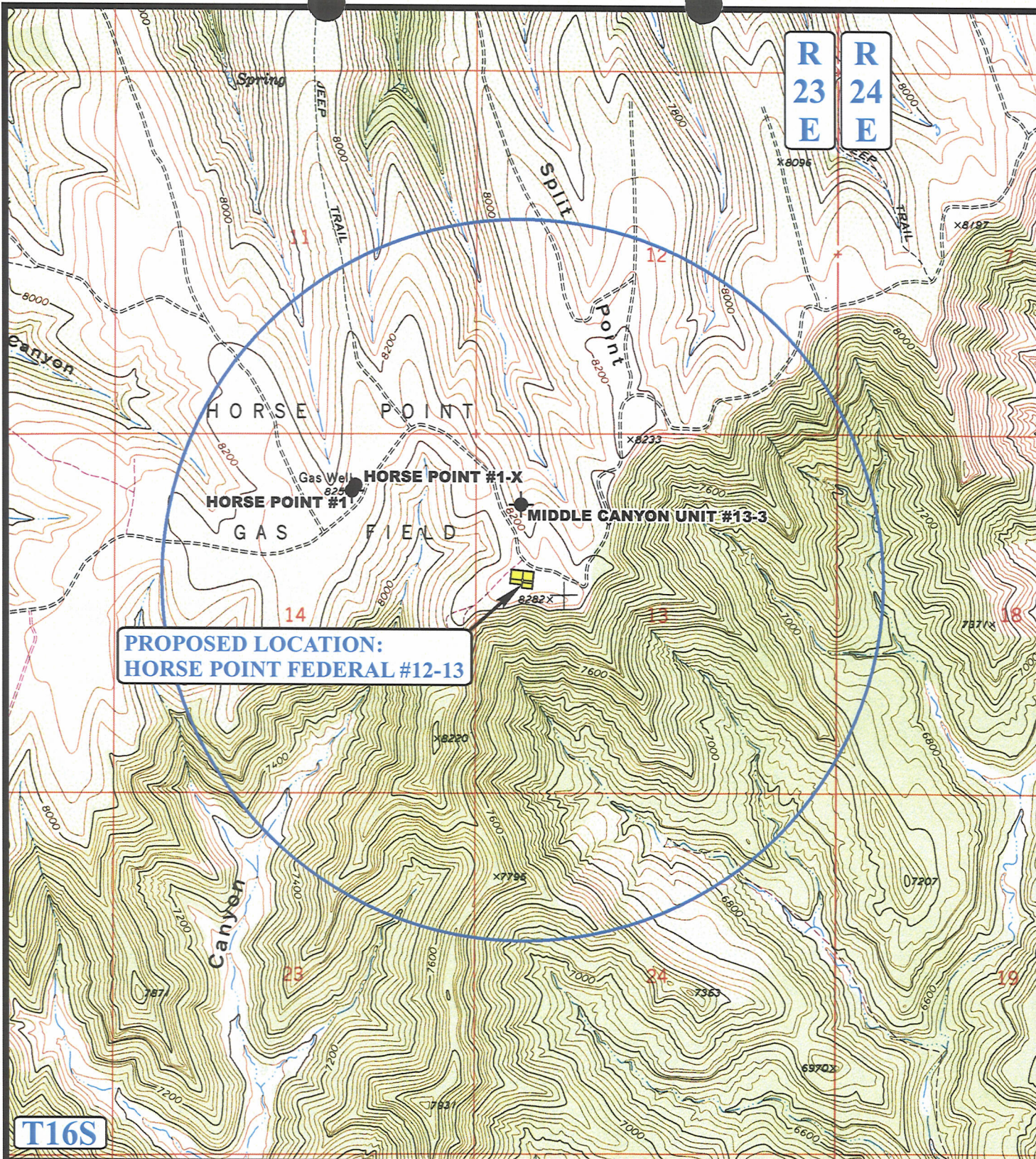
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

07 31 07
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REV: S.F. 10-11-11





LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



COCHRANE RESOURCES INC.

HORSE POINT FEDERAL #12-13
 SECTION 13, T16S, R23E, S.L.B.&M.
 2134' FNL 689' FWL



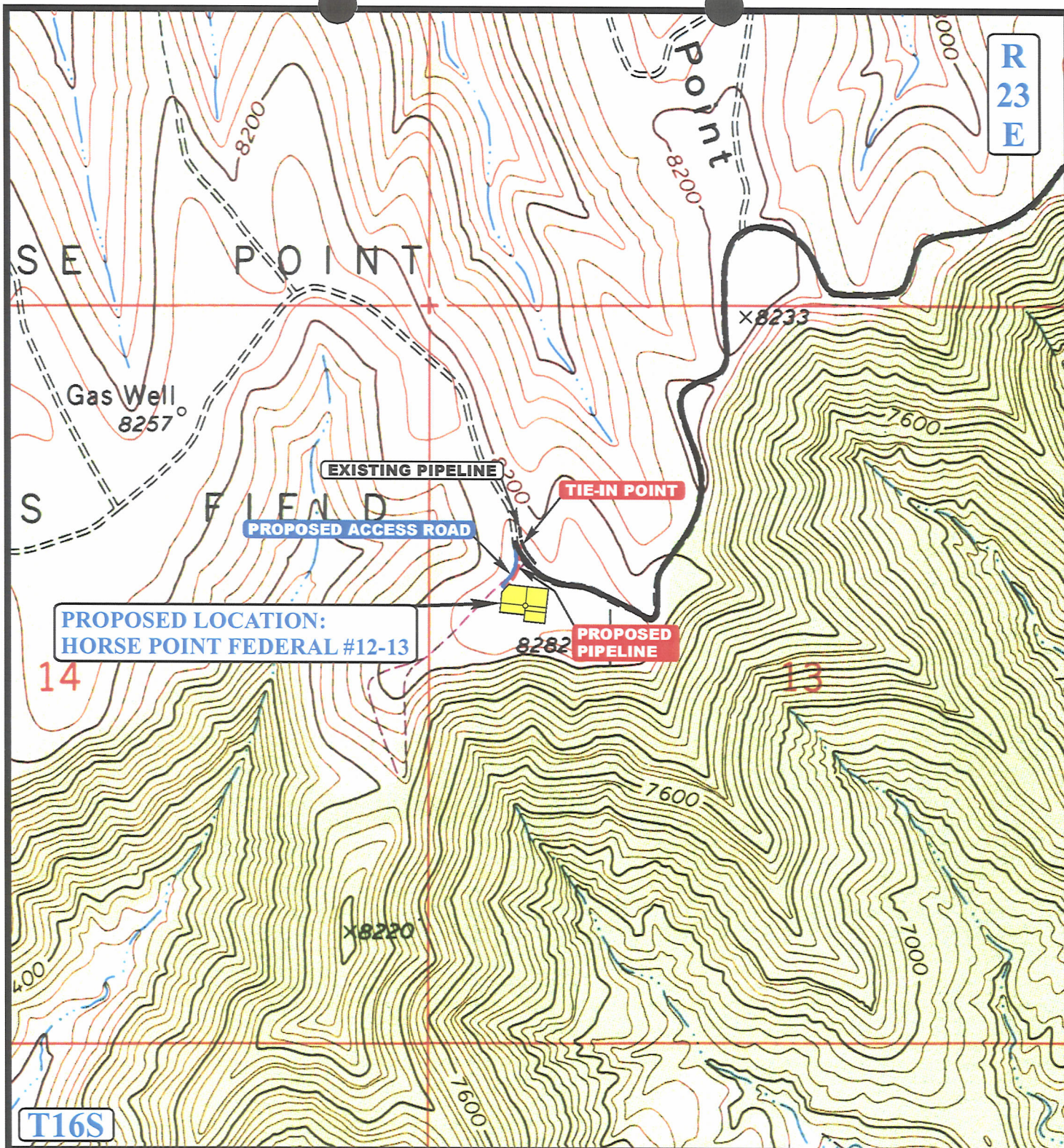
Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

07 31 07
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REV: S.F. 10-11-11





APPROXIMATE TOTAL PIPELINE DISTANCE = 290' +/-

LEGEND:

- PROPOSED ACCESS ROAD**
- EXISTING PIPELINE**
- PROPOSED PIPELINE**



COCHRANE RESOURCES INC.

HORSE POINT FEDERAL #12-13
SECTION 13, T16S, R23E, S.L.B.&M.
2134' FNL 689' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

07 31 07
 MONTH DAY YEAR

SCALE: 1" = 1000' **DRAWN BY: C.P.** **REV: S.F. 10-11-11**



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 06/13/2012

API NO. ASSIGNED: 43-019-31626

WELL NAME: HORSE POINT FED 12-13

OPERATOR: COCHRANE RESOURCES INC (N7015)

PHONE NUMBER: 435-722-5081

CONTACT: KEN ALLEN

PROPOSED LOCATION:

SWNW 13 160S 230E

SURFACE: 2134 FNL 0689 FWL

BOTTOM: 2134 FNL 0689 FWL

COUNTY: GRAND

LATITUDE: 39.41725 LONGITUDE: -109.33613

UTM SURF EASTINGS: 643231 NORTHINGS: 4364402

FIELD NAME: HORSE POINT (210)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-84672

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MRSN

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UT0699)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 43-10447)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

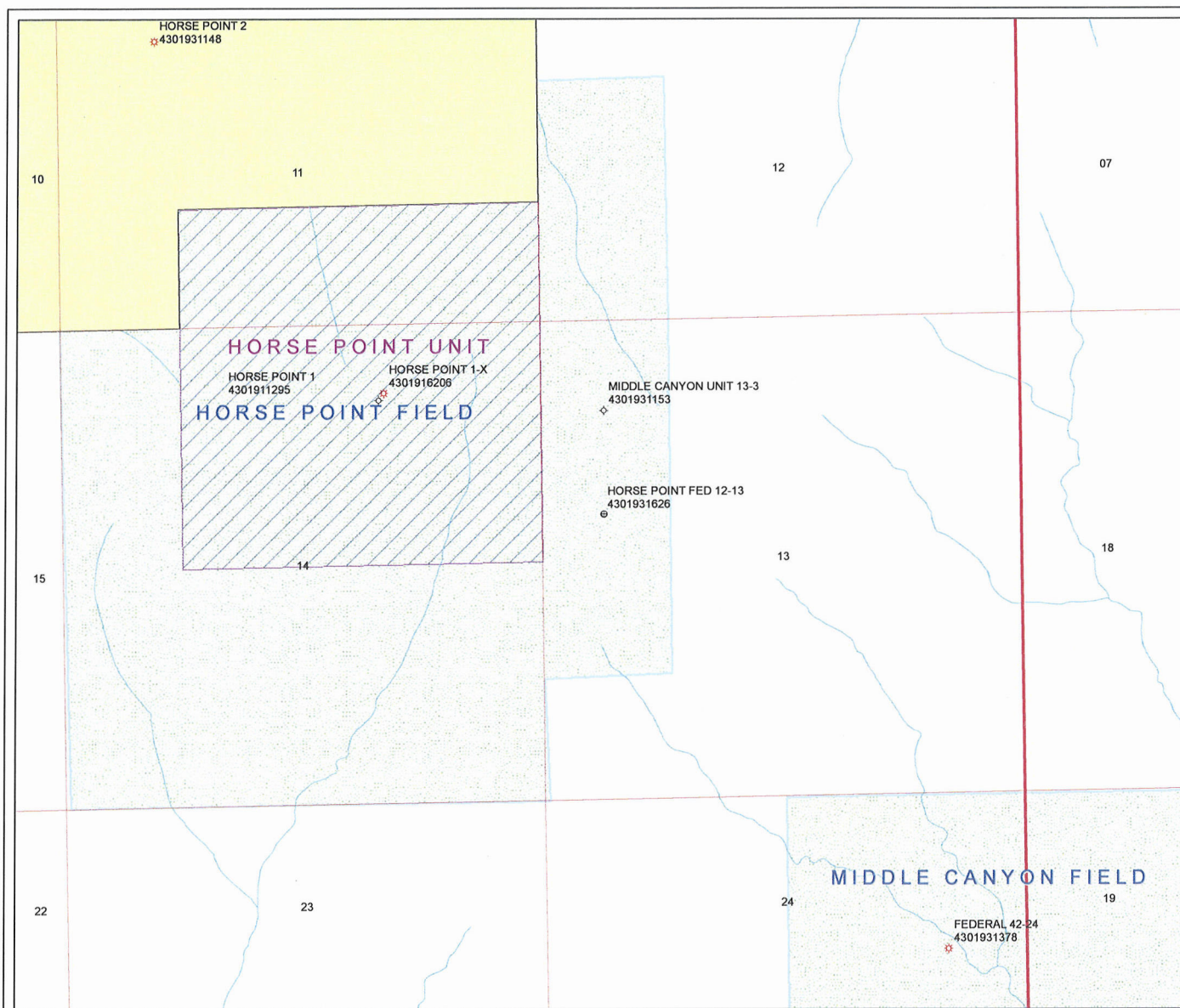
LOCATION AND SITING:

___ R649-2-3.
Unit: ___
☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
___ R649-3-3. Exception
___ Drilling Unit
Board Cause No: ___
Eff Date: ___
Siting: ___
___ R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS:

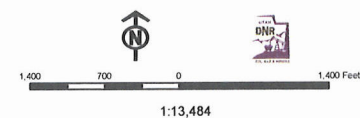
1- State Approval
2- Spacing Strip



API Number: 4301931626
Well Name: HORSE POINT FED 12-13
Township T16.0S Range R23.0E Section 13
Meridian: SLBM
Operator: COCHRANE RESOURCES INC

Map Prepared:
Map Produced by Diana Mason

Units	Wells Query
STATUS	Status
ACTIVE	APD - Approved Permit
EXPLORATORY	DRL - Spudded (Drilling Commenced)
GAS STORAGE	GIW - Gas Injection
NF PP OIL	GS - Gas Storage
NF SECONDARY	LOC - New Location
PI OIL	OPS - Operation Suspended
PP GAS	PA - Plugged Abandoned
PP GEOTHERM	POW - Producing Gas Well
PP OIL	POW - Producing Oil Well
SECONDARY	SOW - Shut-in Gas Well
TERMINATED	SOW - Shut-in Oil Well
Fields	TA - Temp. Abandoned
Unknown	TW - Test Well
ABANDONED	WDW - Water Disposal
ACTIVE	WW - Water Injection Well
COMBINED	WSW - Water Supply Well
INACTIVE	
STORAGE	
TERMINATED	Bottom Hole Location - Oil/Gas/Oil





GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 18, 2012

Cochran Resources Inc.
PO Box 1656
Roosevelt, UT 84066

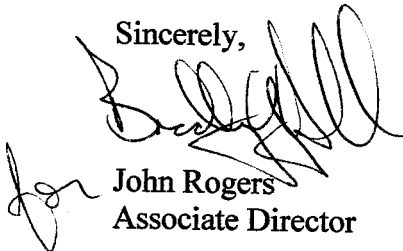
Subject: Horse Point Fed 12-13 Well, 2134' FNL, 689' FWL, SW NW, Sec. 13, T. 16 South, R. 23 East, Grand County, Utah

Ladies and Gentlemen:

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-2. The expected producing formation or pool is the Morrison Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31626.

Sincerely,


for John Rogers
Associate Director

JR/js
Enclosures

cc: Grand County Assessor
Bureau of Land Management, Moab Office

Operator: Cochran Resources Inc.
Well Name & Number Horse Point Fed 12-13
API Number: 43-019-31626
Lease: UTU-84672

Location: SW NW Sec. 13 T. 16 South R. 23 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well – contact Carol Daniels at 801-538-5284 (please let a voicemail message if not available)

OR

Submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <http://oilgas.ogm.utah.gov>

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 office
(801) 733-0983 after office hours

3. Reporting Requirements

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

RECEIVED

JUL 10 2008

Form 3160-3
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

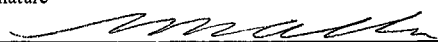
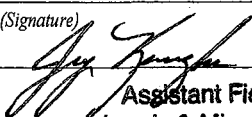
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-84672
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Cochrane Resources Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address PO Box 1656, Roosevelt, Utah 84066		8. Lease Name and Well No. Horse Point Fed 12-13
3b. Phone No. (include area code) (435) 722-5081		9. API Well No. 43-019-31626
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2134' FNL 689' FWL SW/NW At proposed prod. zone		10. Field and Pool, or Exploratory Horse Point
14. Distance in miles and direction from nearest town or post office* 59.9 Miles from Ouray, Utah		11. Sec., T. R. M. or Blk. and Survey or Area Section 13, T16S, R 23E, SLB&M
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 689'	16. No. of acres in lease 760	12. County or Parish Grand
17. Spacing Unit dedicated to this well 40	13. State UT	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Aprox. 2500'	19. Proposed Depth 8200'	20. BLM/BIA Bond No. on file UT0699
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 8278' GL	22. Approximate date work will start* 04/01/2008	23. Estimated duration 20 Days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed/Typed) Ken Allen	<div style="text-align: right;"> RECEIVED JUL 13 2012 <div style="display: flex; justify-content: space-between;"> <div> DIV. OF OIL, GAS & MINING JERRY KENCZKA VERNAL FIELD OFFICE </div> <div> Date 04/24/2008 Date JUN 28 2012 </div> </div> </div>
Title President - Cochrane Resources Inc.		
Approved by (Signature) 	Name (Printed/Typed) Jerry Kenczka	
Title Assistant Field Manager Lands & Mineral Resources	Office VERNAL FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

NOTICE OF APPROVAL

UDOGM

NOS 10115107

02PP0092A

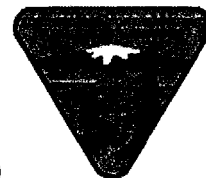


UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Cochrane Resources Inc.
Well No: Horse Point Federal 12-13
API No: 43-019-31626

Location: SWNW, Sec. 13, T16S, R23E
Lease No: UTU-84672
Agreement: N/A

OFFICE NUMBER: (435) 781-4400

OFFICE FAX NUMBER: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	- Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	- Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	- Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to running casing and cementing all casing strings to: blm_ut_vn_opreport@blm.gov
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	- Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

- All new and replacement internal combustion gas field engines of less than or equal to 300 design-rated horsepower must not emit more than 2 gms of NO_x per horsepower-hour. This requirement does not apply to gas field engines of less than or equal to 40 design-rated horsepower.
- All and replacement internal combustion gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gms of NO_x per horsepower-hour.
- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

Additional Surface Conditions of Approval or monitoring is listed in the Surface Use Plan of the APDs.

Air Quality COAs

- All internal combustion equipment will be kept in good working order.
- Water or other approved dust suppressants will be used at construction sites and along roads, as determined appropriate by the Authorized Officer.
- Open burning of garbage or refuse will not occur at well sites or other facilities.
- Drill rigs will be equipped with Tier II or better diesel engines.
- Vent emissions from stock tanks and natural gas TEG dehydrators will be controlled by routing the emissions to a flare or similar control device which would reduce emissions by 95% or greater.
- Low bleed pneumatics will be installed on separator dump valves and other controllers. The use of low bleed pneumatics will result in a lower emission of VOCs.
- During completion, flaring will be limited as much as possible. Production equipment and gathering lines will be installed as soon as possible.
- Well site telemetry would be utilized as feasible for production operations.
- A drilling rig and a completion rig will not be operated simultaneously.
- All new and replacement internal combustion gas field engines of less than or equal to 300 design-rated horse power must not emit more than 2 grams of NO_x per horsepower-hour. This requirement does not apply to gas field engines of less than or equal to 40 design-rated horsepower-hour.

- All new and replacement internal combustion gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 grams of NOx per horsepower-hour.

Surface COAs

- To meet VRM II objectives, storage tanks will be moved to location on the pad not visible from the road, preferably towards the front of the pad on cut, where the existing two track road will access the well pad. Operator has also agreed to use low profile tanks to lessen the visual impacts of the proposed well location.
- All production equipment will be painted Yuma Green to help blend in with surrounding vegetation and to meet VRM II objectives.
- Operator must use existing road for access to the well pad. Using this existing road will help to lessen impacts and help project meet VRM II objectives. Also, a gate and a sign need to be installed where the existing road leaves the main divide road. The sign shall say access by authorized personal only, with location information on it as well.
- If operator intends on upgrading the existing road surface which would involve the moving of soils, a sundry notice form 3160 must be submitted and approved prior to any surface disturbance action not authorized under the approved APD.
- If the pit is not dry prior to the onset of winter, the company has committed to remove the water from the pit via vacuum truck, and then commence reclamation.
- A dike/berm will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks, and/or heater-treater). It will be constructed of compacted subsoil or the preferred corrugated steel berms, be impervious, hold 110% of the capacity of the largest tank, and be independent of the back cut.
- Any storm water runoff shall be diverted around and off the well pad to lessen the erosion on the surface.
- The road surface and shoulders will be kept in a safe and usable condition and will be maintained in accordance with the original construction standards. All drainage ditches will be kept clear. The existing access road surface and pad area will be kept free of trash during operations. All traffic will be confined to the approved disturbed surface.
- Enough vegetation between road and well pad will be left to screen well pad from divide road and the two track. Operator will contact BLM surface representative prior to construction to ensure this takes place.
- The operator will control noxious weeds and invasive plants along corridors for roads, pipelines, well sites, or other applicable facilities, through a Pesticide Use Permit (PUP).
- No surface use is allowed during the following time period, May 15 through June 29. This stipulation does not apply to operation and maintenance of production facilities.
- An Interim Surface Reclamation Plan for surface disturbance on the well pad, access road, and pipeline has been completed and will be followed for reclamation of the surface. At a minimum, this

will include the Best Management Practice of the reshaping of the pad to the original contour to the extent possible; the re-spreading of the top soil up to the rig anchor points; and, reseeding the unused area using appropriate reclamation methods and seed mix below (Cochrane reclamation plan).

The interim/final seed mix for reclamation will be:

Table 2-2. Interim/Final Reclamation Seed Mixture

Common name	Latin name	lbs/acre	Recommended seed planting depth
Squirreltail grass	<i>Elymus elymoides</i>	3.0	¼ - ½"
Bluebunch wheatgrass	<i>Pseudoroegneria spicata</i>	3.0	½"
Needle and Thread	<i>Stipa comata</i>	3.0	½"
Mountain Brome	<i>Bromus marginatus</i>	3.0	½"
Lewis Flax	<i>Linum lewisii</i>	2.0	½"
Curleaf Mountain Mahogany	<i>Cercocarpus ledifolius</i>	1.0	½"
Scarlet globemallow	<i>Sphaeralcea coccinea</i>	1.0	⅛ - ¼"

- All pounds are pure live seed.
- All seed and mulch will be certified weed free.
- Rates are set for drill seeding; double rate if broadcasting.

- Following well plugging and abandonment, the location, access roads, pipelines, and other facilities shall be reclaimed. All disturbed surfaces shall be reshaped to approximate the original contour; the top soil re-spread over the surface; and, the surface re-vegetated. The surface of approved staging areas where construction activities did not occur may require disking or ripping and reseeding. Final abandonment will only be approved when successful reclamation is met as per Green River Reclamation Guidelines and Cochrane's reclamation plan.

**DOWNHOLE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

SITE SPECIFIC DOWNHOLE COAs:

- The production casing cement shall extend a minimum of 200 feet above the surface casing shoe.
- A Cement Bond Log (CBL) shall be run in the production casing from TD to the top of cement. A field copy of the CBL shall be submitted to the BLM Vernal Field Office for review.
- All casing strings below the conductor shall be pressure tested to 0.22 psi/foot or 1500 psi, whichever is greater but not to exceed 70% of the internal yield.
- A formation integrity test shall be performed at the surface casing shoe.
- Prior to commingling production from this well a sundry Notice of Intent shall be submitted to this office requesting approval to do so, as well as listing all formations to be commingled.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**

- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- While actively drilling, chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to BLM_UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- For information regarding production reporting, contact the Office of Natural Resources Revenue (ONRR) at www.ONRR.gov.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs,

core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 14, 2013

Cochrane Resources Inc.
P.O. Box 1656
Roosevelt, UT 84066

Re: APD Rescinded – Horse Point Fed 12-13, Sec. 13, T. 16S, R. 23E,
Grand County, Utah API No. 43-019-31626


Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on June 18, 2012. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective August 14, 2013.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Moab



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

SEP 16 2013

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or ~~re-enter~~ an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
UTU-84672

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other Proposed8. Well Name and No.
Horse Point Fed 12-132. Name of Operator
Cochrane Resources Inc.9. API Well No.
43-019-316263a. Address
P. O. Box 1856 Roosevelt, Utah. 840663b. Phone No. (include area code)
435-722-944810. Field and Pool or Exploratory Area
Horse Point4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2134 FNL, 689FWL, SW NW
Sec 13, T16s, R23e, SLB&M11. Country or Parish, State
Grand

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Drilling Permit
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Extension
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

By this Sundry notice, Cochrane Resources Inc. would like to request a 2-year extension of the permit to drill the Horse Point Fed 12-13 well. Please advise if you require additional information.


RECEIVED
NOV 14 2013
DIV. OF OIL, GAS & MINING14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Ken Allen

Title President

Signature

Date 09/13/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by 	Title Assistant Field Manager Lands & Mineral Resources Office	Date OCT 29 2013
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

UDOGM

CONDITIONS OF APPROVAL

Cochrane Resources Inc.

Notice of Intent APD Extension

Lease: UTU-84672
Well: Horse Point Federal 12-13
Location: SWNW Sec 13-T16S-R23E

An extension for the referenced APD is granted with the following conditions:

1. The extension and APD shall expire on 06/28/2016.
2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Robin L Hansen of this office at (435) 781-2777